

Interview with CEO Markus A.W. Hoehner

EuPD Research's CEO Markus A.W. Hoehner was interviewed by the German State Broadcasting Station MDR on the announced take over of ersol by Bosch at the beginning of June 2008.

I: An increase of 60 percent, or more specifically, an increase of over 63 percent. That a share price would shoot up so much from one day to the next is fairly unusual, but this is exactly what happened for the Erfurt, Germany-based solar cell manufacturer ersol. Bosch bought ersol, much to the delight of the shareholders...but we know that share prices do not always tell the whole story, so we want to talk to an expert, Markus Hoehner of EuPD Research, a company which, among other things, observes and analyzes the photovoltaic markets worldwide. Mr Hoehner, is the exaltation of the shareholders justified?

MH: Yes, I think the reaction of the financial markets shows Bosch's sensible portfolio expansion. Bosch has already been involved in the environmental field, with machinery for wind turbines for example, but also in the areas of electric heating, pumps or solar collectors. And this of course provides the option of photovoltaics, portfolio expansion in the direction of photovoltaics provides great possibilities for the future.

I: Involved. Sounds good, but as a company you want to make money too of course. Is that really possible with solar technology at the moment? Following the discussion over the last few weeks about the subsidies for photovoltaics, which are still pretty high.

MH: Well, you can't let yourself be misled by that. The possibilities on the global photovoltaic market are still excellent. Here in Germany we have the biggest sales market of course, but other markets, like Spain, Italy or the USA, are growing remarkably and so...even in the past, very reasonable margins were achieved in this industry and now too with the recently established depression rates. They are tough in inverted commas but still workable.

I: You might need to explain depression rates briefly. It basically means that the subsidies will be reduced over time...

MH: Exactly. From year to year there is a reduction in the feed-in tariff, and this reduction will be increased slightly in the future. But on the other hand we still have investment security for the next four years in the biggest photovoltaic market, Germany.

I: What can we expect to see there then? You have already mentioned foreign markets, including the USA. Is it going to explode there or how high will the growth rates be?

MH: Yes, well many states are in the process of establishing subsidy programs. The forerunner is the Californian market, where a big promotional program was set up two years ago. We are actually expecting that more positive statements will emerge from the States when the presidential elections are finished, although they do not depend on the outcome. It also doesn't matter whether a Democrat or Republican wins; we are still expecting clear growth on the whole American market.

I: And should we expect that a company in central Germany, whether ersol or Q-Cells or another company will profit from this, or will there be some sort of consolidation and that production will increasingly move to cheaper locations?

MH: Yes, well here we have in central Germany what is known as a Solar Valley with Saxony, Saxony-Anhalt and Thuringia, and it is one of, if not the, leading location for solar energy worldwide. In that area are many companies who are investing an incredible amount right now – expansion investments, lots of investments in the R&D field – and the location will develop positively in the future with regard to employment, so that we assume that the central Germany Solar Valley will be the leading global production location for solar companies over the next few years. Of course it could be that one or two factories in other countries also receive investment.

I: And that is then not dependent on who will own these companies one day?

MH: Yes, it is certainly not dependent on that. Although we have observed that large global corporations are becoming increasingly interested in solar energy. Because in the future there will not be many alternatives to achieve the climate targets, the CO2 reduction targets.

I: That was Markus Hoehner from EuPD Research.